

## Distribution growth

- Full year 4.4% higher than 2016
- 1<sup>st</sup> and 2<sup>nd</sup> half both 4.4% higher than 2016

## Capital structure

- 70.1% of debt fixed
- R0.6bn of equity raised from the issue of 113m shares

## Portfolio activity

- Completed and committed developments of R2,1bn
- Acquisitions and contracted acquisitions R3,1bn

## Property performance

- NPI growth of 13.7%
- Traditional portfolio tenant retention is 81.6%
- Retail positive rental reversions of 5.5%
- Traditional portfolio vacancy of 2.3% of GLA

## INTRODUCTION

SA Corporate Real Estate Limited is a JSE-listed Real Estate Investment Trust ("REIT") which owns a diversified portfolio of industrial, retail, commercial, storage and residential buildings located primarily in the major metropolitan areas of South Africa with a secondary node in Zambia.

## REVIEW OF FINANCIAL RESULTS AND PORTFOLIO PERFORMANCE

### Distribution Growth

SA Corporate delivered growth in distributions per share for the year ended December 2017 of 4.4%. This amounts to a full year distribution of 44.92 cents per share ("cps") (2016: 43.02 cps) and a second half distribution of 22.54 cps (2016: 21.58 cps).

### Portfolio Performance

Total net property income ("NPI") increased by 13.7%, with the like-for-like increasing by 5.7%.

Retail NPI growth of 14.2% was underpinned by strong tenant retention of 79.9%, weighted average lease escalations of 7.6%, positive reversions of 5.5%, reduction in vacancies by gross letting area ("GLA") and rental income of 1.4% and 0.3% respectively and acquisitions contributing 5.6%. The retail like-for-like (excluding developments) portfolio grew by 6.8% and if the growth generated from solar installations and green initiatives is included, this increases to 8.7%. The overall retail performance was further enhanced by proactive unlocking of value in the retail portfolio through redevelopments and improvements to tenant mix.

Industrial like-for-like portfolio NPI growth of 5.9% was better than inflation, supported by 8.0% rental escalations and tenant retention of 83.9%.

Afco NPI grew by 52.1% due to net positive investment activities. Afco like-for-like NPI grew marginally by 0.9%, mainly due to increased vacancies and security costs especially in the fashion district. Increased vacancies arose as a result of competition further impacted like-for-like performance, necessitating mitigating measures to rebalance the inner-city portfolio. These initially impacted returns in the short-term, through the introduction of lifestyle improvements, loyalty programs, transportation and increased security. Afco residential vacancies were 7.3% in December 2017 (2016: 10.4%). This includes the transfer of the first newly developed building still to be tenanted to the Calgro M3 joint venture late in December 2017, excluding which the vacancy would have been 5.7%. Afco incurred losses as a consequence of vacating the Nuker building to comply with the sale agreement with the purchaser which the purchaser did not implement. The Group is negotiating to recover these losses.

The income from the investment in the Zambian joint venture reduced by 13.6%, due primarily to the appreciation of the Rand and the expiry of the yield guarantee.

### Net Finance Costs

Net funding cost increased by 36.1%, this is aligned to the increase in investment activity resulting in increased debt levels. This is also attributable to increased marginal cost of funding in respect of refinancing of expiring debt and a reduction in borrowing costs capitalised in respect of the completion of major retail developments.

### Antecedent Distribution

The Group successfully raised R600m of equity by issuing 113,207,547 shares via a combination of an issuance for cash at a discounted price of 530 cps cum dividend. This resulted in an antecedent distribution of R26,0m.

## DISTRIBUTION STATEMENT

	Year ended 31.12.2017	Year ended 31.12.2016
<b>DISTRIBUTABLE EARNINGS (R000)</b>		
Rent (excluding straight line rental adjustment and NCI <sup>1</sup> )	1,509,425	1,328,181
Net property expenses	(138,909)	(123,171)
Property expenses	(711,433)	(614,981)
Recovery of property expenses	572,524	491,810
<b>Net property income</b>	<b>1,370,516</b>	<b>1,205,010</b>
Investment in joint venture	58,960	68,221
Taxation on distributable earnings	(260)	(1,008)
Dividends from investments in listed shares	23,783	-
<b>Net finance cost</b>	<b>(308,443)</b>	<b>(226,569)</b>
Interest income	78,263	48,349
Interest expense	(386,706)	(274,918)
Distribution related expenses	(45,506)	(47,569)
Distribution related income	11,631	-
Antecedent distribution	26,029	17,624
<b>Distributable earnings</b>	<b>1,136,710</b>	<b>1,015,709</b>
Interim	566,355	493,925
Final	570,355	521,784
Shares in issue (000)	2,530,689	2,417,482
Weighted number of shares in issue (000)	2,473,310	2,320,805
Distribution (cents per share)	44.92	43.02
Interim	22.38	21.44
Final	22.54	21.58

<sup>1</sup> NCI = Rent attributable to non-controlling interest

## PROPERTY VALUATIONS

The Group's independently valued property portfolio increased by R1,8bn (12.0%) to R16,8bn as at December 2017 (December 2016: R15,0bn). This excludes the Zambian portfolio of R0,8bn that has been equity accounted but includes the net investment of R1,8bn in respect of acquisitions, developments, capex and disposals. The like-for-like portfolio held for the full 12 months to December 2017 increased by R424,8m (4.3%) from December 2016.

The capitalisation and discount rates in the Group's like-for-like portfolio at 31 December 2017 were calculated on a weighted average basis:

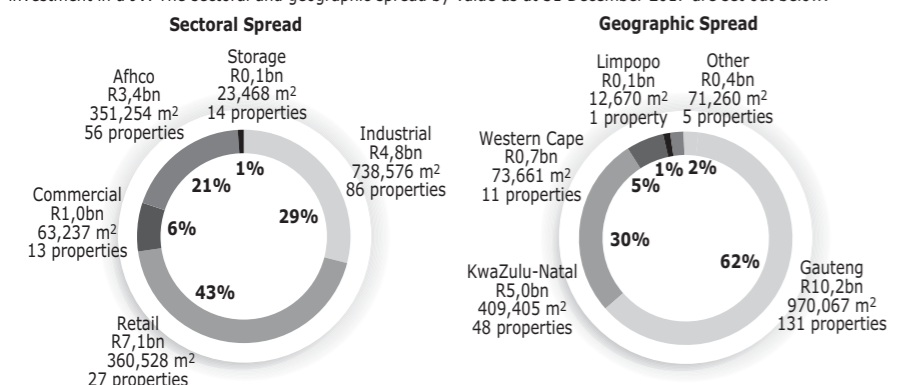
Sector	Capitalisation rate (%)		Discount rate (%)		Growth in like-for-like portfolio (%)
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	
Industrial	9.3	9.1	15.3	15.1	2.9
Retail	8.7	8.7	14.7	14.7	6.7
Commercial	9.0	8.9	15.0	14.9	3.4
Afco	10.3	10.3	*	*	4.1
Weighted average	9.4	9.2	15.1	14.9	4.3

\* Afco properties are not valued on a discounted rate basis, but on the basis of capitalisation of the net income earnings in perpetuity, due to the short term nature of residential leases.

The NAV per share (514 cps) increased by 3.0% (December 2016: 499 cps) of which an increase of 3.5% is attributable to property valuations, and 0.4% is attributable to foreign exchange adjustments, reduced by swap, investment in properties and investment in listed shares valuations representing 0.4%, 0.3% and 0.2% respectively.

## PROPERTY PORTFOLIO

The portfolio comprised 196 properties (December 2016: 179) which excludes the 3 Zambian properties held as a 50% investment in a JV. The sectoral and geographic spread by value as at 31 December 2017 are set out below:



The above excludes:

- Development bulk across the Traditional, Afco and Storage portfolios measuring 162,147m<sup>2</sup> comprising 16 properties and valued at R0,4bn
- Listed investments of R0,2bn
- Joint venture investment in Zambia valued at R0,8bn
- Non-controlling interest

## Redevelopments completed:

Properties	Total development cost (Rm)	Completion date	Yield forecast 1 <sup>st</sup> 12 months (%)	Sector	Region
East Point, Boksburg	499,0	05/2017	9.0	Retail	Gauteng
Hayfields Mall, Pietermaritzburg	37,3	08/2017	9.1	Retail	KwaZulu-Natal
Umlazi Mega City, Umlazi <sup>1</sup>	278,0	12/2017	9.5	Retail	KwaZulu-Natal
Midway Mews, Halfway Gardens	32,7	12/2017	8.8 <sup>2</sup>	Retail	Gauteng
Cambridge Crossing, Sandton	61,8	12/2017	9.0 <sup>2</sup>	Retail	Gauteng
<b>Total</b>	<b>908,8</b>		<b>9.1</b>		

<sup>1</sup> 75% Undivided share of development cost

<sup>2</sup> The yield ex defensive capital is 11.8% and 11.5% respectively

## Committed Redevelopments:

Properties	Total development cost (Rm)	Forecast completion date	Yield forecast 1 <sup>st</sup> 12 months (%)	Sector	Region
Cullinan Jewel Shopping Centre, Pretoria	14,5	01/2018	9.0	Retail	Gauteng
57 Sarel Baard Crescent, Centurion	391,0	08/2018	7.9 <sup>1</sup>	Industrial	Gauteng
Cnr Old Pretoria and Alexandra Roads, Midrand	140,0	12/2019	10.0 <sup>2</sup>	Commercial/Residential	Gauteng
252 Montrose Ave, Randburg	92,0	04/2019	10.5	Commercial/Residential	Gauteng
North Park Mall Residential, Pretoria	141,7	03/2019	10.0	Retail/Residential	Gauteng
Afco pipeline <sup>3</sup>	425,7	10/2018 -08/2019	10.8	Retail/Residential	Gauteng
<b>Total</b>	<b>1 204,9</b>		<b>9.6</b>		

<sup>1</sup> Yield of 7.9% based on the pre-development valuation using a market rental, which is a negative 40% reversion on the closing rental of an initial 5 year lease renewed for a further 7 year period.

<sup>2</sup> Development cost net of proceeds from sale of units.

<sup>3</sup> Includes bulk acquired for development of R28,2m. In addition to the above, Afco owns and has contracted development bulk which represents a pipeline of R1,1bn in the next 4 years.

Properties/Listed Property Investment	Cost (Rm)	Acquisition date	Yield forecast 1 <sup>st</sup> 12 months (%)	Sector	Region
Steelport Residential, Steelport	79,8	01/2017	10.3	Residential	Limpopo
Friendship Town, Midrand	72,0	02/2017	11.0	Residential	Gauteng
Long Street Precinct Bulk, Jeppestown	29,7	02/2017	#	Residential	Gauteng
Reef Acres, Springs	43,5	02/2017	10.0	Residential	Gauteng
Andrea Close & Dennehof and Bloekomhof, Vereeniging	40,6	03/2017	11.0	Residential	Gauteng
51 Pritchard Street, Johannesburg CBD	178,0	03/2017	10.3	Retail	Gauteng
Erf 286 Erand (storage land)	12,2	04/2017	#	Storage	Gauteng
Indirect Investment in Phase 3A, Zambia	23,2	04/2017	9.0 <sup>^</sup>	Retail	Zambia
Cnr of Rockey and Davies Streets, Doornfontein	5,5	05/2017	#	Retail	Gauteng
Erf 8383 Milnerton (retail & storage development land)	22,5	06/2017	#	Storage	Western Cape
African City Mall Phase 1, Johannesburg CBD	41,1	07/2017	10.3	Retail	Gauteng
Storage Genie Leasehold properties	65,6	07/2017	18.3	Storage	Gauteng
Reef Acres (Real right of extension), Springs	1,3	07/2017	#	Residential	Gauteng
Safari Investments RSA Ltd - 20 000 000 shares	152,0	07/2017	*		
Northgate Heights Phase 1A, Northgate	18,0	07/2017	10.0	Residential	Gauteng
M&T Development - Burgundy, Centurion	75,8	08/2017	8.7 <sup>1</sup>	Residential	Gauteng
M&T Development - Minuet Phases 1 & 2, Midrand	48,7	08/2017	10.0	Residential	Gauteng
Golf Park, Phillip Nel Park, Pretoria	98,0	08/2017	10.3	Residential	Gauteng
Panama House Phases 1 & 2, Johannesburg CBD	99,8	09/2017	10.0	Residential	Gauteng
Northgate Heights Phase 1B, Northgate	16,4	09/2017	10.0	Residential	Gauteng
African City Mall Phase 2A, Johannesburg CBD	14,3	10/2017	11.0	Retail	Gauteng
Northgate Heights Phases 1C & 1D, Northgate	19,8	12/2017	10.0	Residential	Gauteng
Calderwood, Boksburg	164,3	12/2017	10.0	Residential	Gauteng
Indirect investment in Phase 3B, Zambia	38,5	12/2017	9.0 <sup>^</sup>	Retail	Zambia
Calgro M3 Developments - South Hills Phases 1A-1C, South Hills	74,1	12/2017	10.7	Residential	Gauteng
Calgro M3 Developments - Scottsdene Phase 1, Scottsdene	15,3	12/2017	10.7	Residential	Western Cape
<b>Total</b>	<b>1 450,1</b>		<b>10.6</b>		

# Land/Bulk acquired for development

\* Listed property investment; not included in investment property

<sup>^</sup> Yield in USD

<sup>1</sup> Units are in the process of being sold with an anticipated annualised return of at least 20%

## Contracted and Unconditional Acquisitions:

Properties	Cost (Rm)	Acquisition date <sup>^</sup>	Yield forecast 1 <sup>st</sup> 12 months (%)	Sector	Region
Northgate Heights Phase 1E, Northgate	3,5	01/2018 <sup>1</sup>	10.0	Residential	Gauteng
Calgro M3 Developments Phases 1-5	759,4	02/2018	10.7	Residential	Gauteng/Western Cape
Northgate Heights Phase 2&3, Northgate	58,6	02/2018 -05/2018	11.0	Residential	Gauteng
M&T Development - Etude Phases 1-6, Midrand	252,3	03/2018 -09/2018	10.0	Residential	Gauteng
Long Street Precinct bulk (Parcels 5-7), Jeppestown	12,2	04/2018	#	Residential	Gauteng
African City Mall Phase 2B, Johannesburg CBD	21,0	07/2018	11.0	Retail	Gauteng
M&T Development - Founders Hill Phases 1-6, Founders Hill <sup>2</sup>	289,8	08/2018 -03/2020	10.0	Residential	Gauteng
<b>Total</b>	<b>1 396,8</b>		<b>10.5</b>		

<sup>^</sup> Acquisition date represents the expected effective date of the transaction

# Land/Bulk acquired for development

<sup>1</sup> Transferred

<sup>2</sup> Represents 60% ownership

## Contracted and Conditional Acquisitions:

Properties	Cost (Rm)	Acquisition date <sup>^</sup>	Yield forecast 1 <sup>st</sup> 12 months (%)	Sector	Region
The Oaks, Ermelo	105,0	03/2018	10.7	Retail	Mpumalanga
Storage Genie Freehold properties	148,3	07/2018	11.1	Storage	Gauteng
<b>Total</b>	<b>253,3</b>		<b>10.9</b>		

<sup>^</sup> Acquisition date represents the expected effective date of the transaction

## Disposals:

Properties	Transfer date	Gross selling price (Rm)	Exit yield on sale price (%)	Sector	Region
35 Circuit Road, Westmead	01/2017	15,0	7.6	Industrial	KwaZulu-Natal
Pine Crest Shopping Centre, Pinetown <sup>1</sup>	03/2017	407,0	8.2	Retail	KwaZulu-Natal
36 Wankel Street, Jet Park	05/2017	37,0	7.1	Industrial	Gauteng
African Diamond, Johannesburg CBD	10/2017	25,0	6.8	Residential	Gauteng
Textile House, Johannesburg CBD	10/2017	55,0	9.5	Residential	Gauteng
<b>Total</b>		<b>539,0</b>	<b>8.2</b>		

<sup>1</sup> Sale of 50% undivided share; exit yield of 8.2% was calculated on the selling price plus defensive capex and is 8.6% excluding defensive capex

## Contracted Disposals:

Properties	Expected transfer date	Gross selling price (Rm)	Exit yield on sale price (%)	Sector	Region
Atterbury Décor, Pretoria <sup>1</sup>	01/2018	86,8	8.6	Retail	Gauteng
Lebombo Road, Garsfontein (Portion) #	03/2018	12,0	6.2	Commercial	Gauteng
Rhodesdene Shopping Centre, Kimberley #	03/2018	52,0	8.8	Retail	Eastern Cape
Hotel at Cullinan Jewel Shopping Centre, Pretoria	03/2018	2,7	9.0	Retail	Gauteng
22 Voortrekker Road, Vredenburg #	04/2018	78,5	8.8 <sup>2</sup>	Commercial	Western Cape
28 Durham Street, Mthatha #	04/2018	86,5	8.8 <sup>2</sup>	Commercial	Eastern Cape
6 Cedarfield Close, Springfield Park #	04/2018	57,0	12.1 <sup>3</sup>	Industrial	KwaZulu-Natal
9/15 Lanner Road, New Germany	04/2018	36,0	7.9	Industrial	KwaZulu-Natal
21 Pomona Road, Pomona #	04/2018	18,3	8.0	Industrial	Gauteng
1/5 Stockville Road, Westmead	04/2018	53,6	7.7	Industrial	KwaZulu-Natal
11 Coconut Grove, Shakashead #	04/2018	2,4	7.6	Industrial	KwaZulu-Natal
Beryl Street, Jet Park Ext 3, Boksburg	06/2018	479,0	8.8	Industrial	Gauteng
The Mall, Vanderbijl Park #	12/2018	13,6	10.0	Afco Retail	Gauteng
<b>Total</b>		<b>978,4</b>	<b>8.9</b>		

# Contracted and unconditional

<sup>1</sup> Transferred

<sup>2</sup> Blended yield

<sup>3</sup> Exit yield in year 2 is 6.8% due to a negative reversion

## VACANCIES AND LEASE EXPIRIES

Vacancies in terms of rentable area and rental income were as follows:

	Year ended 31.12.2017 Audited	Year ended 31.12.2016 Audited
<b>SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (R000)</b>		
Revenue	2,113,844	1,833,085
<b>Income</b>	<b>2,225,341</b>	<b>1,881,434</b>
Rent	1,509,933	1,328,181
Straight line rental adjustment	31,387	13,094
Recovery of property expenses	572,524	491,810
Interest income	78,263	48,349
Dividends from investments in listed shares	16,138	-
Other group income	17,096	-
<b>Expenses</b>	<b>(1,166,172)</b>	<b>(953,663)</b>
Audit fees	(3,276)	(2,950)
Administrative fees	(60,631)	(58,440)
Depreciation	(4,126)	(2,422)
Interest expense	(386,706)	(274,918)
Property expenses	(628,377)	(547,398)
Property administration fees	(83,056)	(67,583)
Straight line rental adjustment	-	48
<b>Operating income</b>	<b>1,059,169</b>	<b>927,771</b>
Capital (loss)/gain on disposal of investment properties and property, plant and equipment	(8,430)	299
Foreign exchange adjustments	37,176	49,520
Gain on acquisition of subsidiaries	-	232
Profit from joint ventures	121,333	85,288
Revaluation of investment properties and listed investments	372,925	1,508,063
- Revaluations	404,312	1,521,157
- Straight line rental adjustment	(31,387)	(13,094)
Revaluation of swap derivatives	(52,380)	(90,162)
<b>Profit before taxation</b>	<b>1,529,793</b>	<b>2,481,011</b>
<b>Taxation charged</b>	<b>(3,656)</b>	<b>(1,008)</b>
<b>Profit after taxation</b>	<b>1,526,137</b>	<b>2,480,003</b>
<b>Other comprehensive income, net of taxation</b>		
<b>Items that may be reclassified to profit or loss</b>		
Foreign exchange adjustments on investment in joint ventures	(88,018)	(117,773)
<b>Total comprehensive income</b>	<b>1,438,119</b>	<b>2,362,230</b>
Profit attributable to:		
Owners of the company	1,525,629	2,480,003
Non-controlling interest	508	-
<b>Profit after taxation</b>	<b>1,526,137</b>	<b>2,480,003</b>
Earnings and diluted earnings cents per share	61.68	106.86

	Year ended 31.12.2017 Audited	Year ended 31.12.2016 Audited
<b>SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (R000)</b>		
<b>Share capital and reserves at the beginning of the year</b>	<b>12,070,009</b>	<b>9,980,915</b>
Total comprehensive income for the year	1,438,119	2,362,230
Shares issued	568,569	658,103
Treasury shares repurchased	(10,071)	(7,098)
Antecedent distribution	26,029	17,624
Share-based payment reserve	4,340	7,565
Distribution attributable to shareholders	(1,088,134)	(949,330)
<b>Share capital and reserves at the end of the year</b>	<b>13,008,861</b>	<b>12,070,009</b>

	Year ended 31.12.2017 Audited	Year ended 31.12.2016 Audited
<b>SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS (R000)</b>		
Operating profit before working capital changes	1,374,678	1,180,390
Working capital changes	17,230	(18,702)
Cash generated from operations	1,391,908	1,161,688
Operating activities changes	(1,450,793)	(1,253,239)
Interest received	78,415	48,240
Interest paid	(440,868)	(351,254)
Taxation paid	(206)	(895)
Distributions paid	(1,088,134)	(949,330)
Net cash outflows from operating activities	(58,885)	(91,551)
Net cash outflows from investing activities	(1,736,245)	(1,335,723)
Net cash inflows from financing activities	1,879,204	1,308,313
Increase in borrowings	1,204,486	728,404
Issue of new shares	594,598	600,027
Treasury shares repurchased	(10,071)	(7,098)
Loan to developer	-	(13,020)
Loan from non-controlling shareholder	90,191	-
Net increase / (decrease) in cash and cash equivalents	84,074	(118,961)
Cash and cash equivalents at the beginning of year	191,380	310,341
Cash and cash equivalents at the end of year	275,454	191,380

**NOTES**

**Basis for preparation**

The summarised consolidated financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements and the Companies Act, No. 71 of 2008. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the prior year consolidated financial statements. This report and the consolidated financial statements were compiled under the supervision of AM Basson CA(SA), the financial director. The auditors, Deloitte & Touche, have issued their unmodified opinion on the consolidated financial statements for the year ended 31 December 2017. A copy of their audit report and the financial statements are available for inspection on the website and at the Group's registered address. The audit was conducted in accordance with International Standards on Auditing. These preliminary summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent, in all material respects, with the consolidated financial statements. The summarised financial statements report has been audited by Deloitte & Touche and an unmodified audit opinion has been issued. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the accompanying financial information from SA Corporate's registered address or on the Company website. Any reference to future financial performance or prospects included in this announcement has not been reviewed or reported on by the Group's auditors.

**NOTES (continued)**

**1. Reconciliation of profit after tax to headline earnings and distributable earnings attributable to shareholders**

	Year ended 31.12.2017 Audited		Year ended 31.12.2016 Audited	
	R000	CPS	R000	CPS
<b>Profit after taxation attributable to shareholders</b>	<b>1,525,629</b>	<b>61.68*</b>	<b>2,480,003</b>	<b>106.86*</b>
Adjustments for:				
Capital (loss)/profit on disposal of investment properties and property, plant and equipment	8,430	(299)	-	-
Revaluation of investment properties and joint ventures	(475,794)	(1,525,695)	-	-
Gain on acquisition of subsidiaries	-	(232)	-	-
<b>Headline earnings</b>	<b>1,058,265</b>	<b>42.79*</b>	<b>953,777</b>	<b>41.10*</b>
Antecedent distribution	26,029	17,624	-	-
Taxation on distributable income	3,396	-	-	-
Depreciation	4,126	2,422	-	-
Foreign exchange adjustments	(37,176)	(49,520)	-	-
Dividend from investment in listed shares not yet declared	7,645	-	-	-
Revaluation of listed shares	34,540	(8,250)	-	-
Non-distributable expenses	18,401	21,644	-	-
Revaluation of interest rate swap derivatives	52,380	90,162	-	-
Straight line rental adjustment	(31,387)	(13,094)	-	-
Non-distributable expenses on investment in joint ventures	491	944	-	-
<b>Distributable earnings attributable to shareholders</b>	<b>1,136,710</b>	<b>44.92</b>	<b>1,015,709</b>	<b>43.02</b>
Interim	566,355	22.38	493,925	21.44
Final	570,355	22.54	521,784	21.58

\* calculated on weighted number of shares in issue

**2. Audited primary operational segments (R000)**

Business segment	Industrial	Retail Commercial	Afco	Storage	Group
Revenue	605,400	932,048	128,889	437,652	9,855
Rental income (excluding straight line rental adjustment)	516,069	555,598	96,945	331,541	9,780
Net property expenditure	(46,328)	(1,770)	(19,062)	(67,487)	(4,262)
Property expenses	(145,263)	(341,165)	(49,682)	(170,986)	(4,337)
Recovery of property expenses	98,935	339,395	30,620	103,499	75
Net property income	469,741	553,828	77,883	264,054	5,518
Straight line rental adjustment	(9,604)	37,055	1,324	2,612	31,387
Net interest expense	-	-	-	-	(308,443)
Dividend from fixed property companies	-	-	-	-	16,138
Other income	-	-	-	-	17,096
Foreign exchange adjustments	-	-	-	-	37,176
Group expenses	-	-	-	-	(68,033)
Profit from investment in joint ventures	-	-	-	-	121,333
Revaluation of investment properties	106,454	293,587	(18,130)	11,789	13,765
Investment properties	96,850	330,642	(16,806)	14,401	13,765
Straight line rental adjustment	9,604	(37,055)	(1,324)	(2,612)	(31,387)
Revaluation of swap derivatives	-	-	-	-	(52,380)
Revaluation of investment in listed shares	-	-	-	-	(34,540)
Capital loss on disposal of investment properties and property, plant and equipment	-	-	-	-	(8,430)
Taxation	-	-	-	-	(3,656)
Profit after taxation	566,591	884,470	61,077	278,455	19,283
Other comprehensive income, net of taxation	-	-	-	-	(88,018)
Total comprehensive income	566,591	884,470	61,077	278,455	19,283
Total comprehensive income attributable to:					
Owners of the company	566,591	884,470	61,077	277,947	19,283
Non-controlling interest	-	-	-	508	508
Total profit after taxation	566,591	884,470	61,077	278,455	19,283

**Other information**

	Industrial	Retail Commercial	Afco	Storage	Group
Properties (excluding straight line rental adjustment):	4,766,350	7,158,886	1,078,100	3,713,529	116,068
Non-current investment property	4,146,377	6,886,103	882,786	3,681,006	116,068
At valuation	3,906,700	4,441,900	846,000	3,473,279	116,068
Straight line rental adjustment	(63,323)	(131,297)	(18,314)	(18,923)	-
Under development	303,000	2,575,500	55,100	226,650	3,160,250
Non-current investment property held for sale	539,182	139,399	173,332	13,178	865,091
Classified as held for disposal	556,650	141,486	177,000	13,600	888,736
Straight line rental adjustment	(17,468)	(2,087)	(3,668)	(422)	(23,645)
Other assets	153,587	333,860	54,110	210,153	2,813,465
Total assets	4,839,146	7,359,362	1,110,228	3,904,337	128,135
Total liabilities	69,765	110,906	19,426	316,816	5,040
Acquisitions and improvements	70,000	461,017	51,206	1,218,741	1,903,267
Acquisitions and improvements	70,000	461,017	51,206	1,106,114	36,723
Acquisitions through business combination	-	-	-	112,627	65,580

**Segmental growth rates (%)**

	Industrial	Retail Commercial	Afco	Storage	Group
Rental income (excluding straight line rental adjustment)	4.5	12.5	(6.5)	39.9	13.6
Property expenses	8.3	11.7	6.7	32.6	15.7
Recovery of property expenses	(3.5)	14.4	11.7	0.6	16.4
Net property income	1.6	14.2	(7.9)	52.1	13.7

**3. Significant transactions**

During the year, the Group acquired the following subsidiaries and joint ventures:

Subsidiaries (South Africa)	Principal activity	Date of acquisition	Portion of ownership interest and voting % rights	Consideration transferred R000
Shanike Investments No 85 (RF) Proprietary Limited	Investment property	01/02/2017	100%	692
Electrops 91 Proprietary Limited	Investment property	01/03/2017	100%	29,930
Autumn Star Trading 6 Proprietary Limited	Investment property	01/03/2017	100%	4,652
Vaxirox Investment Proprietary Limited	Investment property	01/07/2017	100%	67,790
				103,064

Joint ventures (Zambia)	Principal activity	Date of acquisition	Portion of ownership interest and voting % rights	Consideration transferred R000
Graduare Mauritius Limited Phase 3A development	Investment property	01/05/2017	50%	22,401
Graduare Mauritius Limited Phase 3B development	Investment property	01/12/2017	50%	38,511
				60,912

**NOTES (continued)**

**3. Significant transactions (continued)**

Assets acquired and liabilities recognised at date of acquisition:	Investment in subsidiaries 2017 R000	Investment in joint ventures 2017 R000	Total 2017 R000
Non-current assets			
Investment property	178,207	88,176	266,383
Property, plant and equipment	57	-	57
Current assets			
Trade and other receivables	5,320	-	5,320
Taxation receivable	456	-	456
Cash and cash equivalents	186	-	186
Non-current liabilities			
Loans from shareholder	60,823	-	60,823
Interest-bearing borrowings - foreign	-	27,264	27,264
Current liabilities			
Trade and other payables	4,302	-	4,302
Taxation payable	411	-	411
Current loan	15,626	-	15,626
Fair value of identifiable assets and liabilities acquired	103,064	60,912	163,976
Gain on acquisition of subsidiary: Consideration	103,064	60,912	163,976
Less fair value of identifiable assets acquired and liabilities assumed	(103,064)	(60,912)	(163,976)
	-	-	-

The consolidated profit and revenue for the year attributable to the acquisition of subsidiaries and joint ventures had these business combinations been in effect at the beginning of the year is set out below:

	Investment in subsidiaries 2017 R000	Investment in joint ventures 2017 R000	Total 2017 R000
From date of acquisition			
Profit / (loss)	116,992	1,841	118,833
Revenue	114,743	2,385	117,128
Full year			
Profit / (loss) for the year	190,511	1,841	192,352
Revenue	137,720	2,385	140,105

The AFHCO Group was acquired on 1 July 2014 to enter the residential Johannesburg inner-city sector and thus to further diversify the Group's property portfolio. The additional acquisitions in Afco in 2016 and 2017 provided further support to this strategy. During the prior year, the Group entered into the Zambian market in order to diversify internationally. Additional investments were made during the current year in Zambia. During the current year, the Group entered into the storage sector with the acquisition of Vaxirox Investment Proprietary Limited due to its defensive characteristics. Control over the subsidiaries was obtained at acquisition when the Company attained power, rights over the variable returns of the investment, and the ability to use power over the investee.

**4. Fair value measurement**

The swap derivatives are valued based on the discounted cash flow method. Future cash flows are estimated based on forward exchange and interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk. The investment in listed shares is valued at the quoted market price. The investment in joint ventures is valued at the ownership of the underlying joint ventures' net asset value. The fair value of the investment property is determined by an independent registered valuer. The fair value of the industrial, retail, commercial and storage portfolio of investment properties, excluding properties subject to unconditional contracted sales, is based on the discounted cash flow method. The fair value of the inner-city retail, residential and commercial investment properties is based on the capitalisation of the net income earnings in perpetuity. The discounted cash flow method is not appropriate due to the short term nature of the portfolio's leases. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable.

The table below analyses assets that are measured at fair value.

Investments in listed shares	Level 1
Swap derivatives	Level 2
Investment in joint ventures	Level 3
Investment property	Level 3

There were no transfers between the levels.

This announcement does not include the information required pursuant to paragraph 16A(i) of IAS 34. This can be found in the financial statements which are available for inspection on the website.

**5. Capital commitments**

The Group had capital commitments of R2 619,6m as at 31 December 2017 (2016: R407,7m)

**6. Dividends and events after the reporting period**

The Company has declared distribution of 22.54 cents on 27 February 2018. The directors are not aware of other significant events between the end of the financial year under review and the date of signature of the financial statements.

**DISTRIBUTION DECLARATION AND IMPORTANT DATES**

**Notice to shareholders resident in South Africa**

Notice is hereby given of the declaration of distribution of 22.54 cents on 27 February 2018. The distribution comprises net income from property rentals and interest earned on cash investments. Please refer to the statement of comprehensive income for further details. As SA Corporate has REIT status, shareholders are advised that the distribution meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("Income Tax Act"). The distributions on SA Corporate shares will be deemed to be dividends, for South African tax purposes, in terms of section 25BB of the Income Tax Act. The distributions received by or accrued to South African tax residents must be included in the gross income of such shareholders and are not exempt from income tax (in terms of the exclusion to the general dividend exemption, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because they are dividends distributed by a REIT, with the effect that the distribution is taxable in the hands of the shareholder. These distributions are, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders have provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the transfer secretaries, in respect of certificated shares: a) a declaration that the distribution is exempt from dividends tax; and b) a written undertaking to inform the CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the exemption change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. SA Corporate shareholders are advised to contact the CSDP, broker or transfer secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted.

**Notice to non-resident shareholders**

Distributions received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. It should be noted that until 31 December 2013 distributions received by non-residents from a REIT were not subject to dividend withholding tax. From 22 February 2017, any distribution received by a non-resident from a REIT is subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance